2007–2008

Saskatchewan

Provincial Budget

Performance Plan

Saskatchewan Liquor and Gaming Authority

Minister's Message

It is my pleasure to present the 2007-08 Performance Plan for the Saskatchewan Liquor and Gaming Authority (SLGA). SLGA's mission is to distribute, manage, operate and regulate liquor and gaming products throughout Saskatchewan in ways that promote fairness and fiscal and social responsibility. The revenue that is generated through liquor and gaming activity in the province assist charities, communities, businesses and government in realizing their goals. In 2005-06, SLGA transferred $351.7 million to the Province's General Revenue Fund in support of broader provincial objectives in areas like health, education and highways. An additional $76.2 million was generated for charities and businesses through the Video Lottery Terminal (VLT) site commission, the off-sale commercial permittee beer discount, the franchise commission, and charitable gaming activity.

SLGA's 2007-08 Performance Plan builds on past success by presenting a detailed plan of action to meet the goals and objectives identified in our Plan. SLGA is committed to achieving five core outcomes within the liquor and gaming sectors in the province. The five outcomes that serve as the foundation for the goals articulated within SLGA's Performance Plan are:

- ensuring excellent customer service;
- ensuring a fair and effective public policy framework for the provincial liquor and gaming sectors, including the responsible use of liquor and gaming products;
- being an employer of choice which provides employees with a safe and positive work environment that values diversity and equity;
- demonstrating continuous improvement in SLGA's productivity and internal business operations; and
- demonstrating strong financial management and accountability.

In 2007-08, SLGA will continue to focus on a number of strategic priorities. Overseeing the development of the two new First Nation casinos at the Whitecap Dakota First Nation and in Swift Current will be a focal point, as well as the ongoing monitoring of financial management at Saskatchewan Indian Gaming Authority (SIGA). SLGA will also continue negotiations surrounding the finalization of the first five-year review of the 2002 Gaming Framework Agreement and the 2002 Casino Operating Agreement. In addition, a Corporate Business Continuity Planning Framework will be completed in 2007-08.

While revenue has begun to rebound in the gaming sector following the implementation of the provincial smoking ban, SLGA's net income projections will continue to be impacted in 2007-08. SLGA will continue to monitor the performance of the liquor and gaming sectors and explore opportunities for revenue growth that maintain an appropriate balance between revenue generation and social responsibility.

I am committed to SLGA's completion of the key actions identified in its 2007-08 Performance Plan and I will report to the people of Saskatchewan on SLGA's actual progress to date in July 2008.

Deb Higgins
Minister Responsible for the
Saskatchewan Liquor and Gaming Authority

Who We Are

CORPORATE OVERVIEW

The Saskatchewan Liquor and Gaming Authority is a Treasury Board Crown Corporation responsible for the distribution, regulation, management and operation of liquor and gaming across the province. SLGA achieves this through socially responsible, fair and cost-effective services and programs delivered by employees at offices in Regina and Saskatoon, a liquor distribution centre in Regina and a network of 80 liquor stores throughout the province.

In 2005-06, SLGA had a net income of $351.4 million, and total revenues of more than $745 million. Each year, SLGA transfers its net income to the provincial government's General Revenue Fund (GRF) in support of broader provincial objectives. In the past decade, SLGA has transferred more than $3 billion in net income to the provincial GRF.

As of March 31, 2006, SLGA employed approximately 910 staff in 64 communities throughout the province, the majority of which work part-time. Approximately 90 per cent of employees are members of the Saskatchewan Government and General Employees' Union (SGEU) Local 6080.

SLGA operates under *The Alcohol and Gaming Regulation Act, 1997* and works in partnership with a broad range of stakeholders and clients, including: the SGEU; the Federation of Saskatchewan Indian Nations (FSIN); the Saskatchewan Indian Gaming Authority (SIGA); Indigenous Gaming Regulators (IGR); Western Canada Lottery Corporation (WCLC); the Canadian Restaurant and Foodservices Association; the Saskatchewan Hotel and Hospitality Association (SHHA); the Saskatchewan Liquor Vendors Association; liquor-permitted establishments; non-profit clubs; charity associations/individual charities; Pollard Bank Note; the Saskatchewan Responsible Gaming Association (SRGA); the Canadian Vintners Association; the Responsible Gambling Council (RGC); the Canadian Centre on Substance Abuse (CCSA); the Brewers of Canada; and, Spirits Canada. See Appendix A for an overview of SLGA's stakeholders and partners.

SLGA has six corporate divisions:

- The Retail Operations Division is responsible for the purchasing, distribution, warehousing and retailing of beverage alcohol in Saskatchewan. The Division oversees Saskatchewan's liquor stores and franchises.
- The Regulatory Compliance Division is responsible for the licensing, inspection and monitoring of liquor and gaming activities in the province. The Division is also responsible for horse racing and provides a range of community information and education seminars.
- The Gaming Operations Division is responsible for the planning, implementation and management of the VLT program, breakopen vending machine program and the slot machines in First Nations casinos along with the implementation of the operational agreements relating to the province's First Nations casinos.

- The Corporate Services Division provides financial, administrative, procurement, information systems, property management and audit support services to the organization, and is responsible for the charitable gaming grant program.
- The Human Relations Division provides organizational development, communications and human resource services to the organization.
- The Policy and Planning Division is responsible for corporate planning, performance measurement, performance reporting, policy development and analysis, research and evaluation and legislative services for the organization. The Division also plays a central role in the ongoing implementation of the Gaming Framework Agreement.

THE PROVINCIAL BEVERAGE ALCOHOL SECTOR

Saskatchewan's model for beverage alcohol distribution combines a public model of liquor distribution with private franchises and off-sale outlets. SLGA operates 80 liquor stores in 64 communities throughout the province. In addition, SLGA grants approximately 190 small businesses in rural Saskatchewan a franchise to sell beverage alcohol on its behalf. This partnership with provincial franchises serves a critical role in ensuring that all Saskatchewan residents have equal and fair access to liquor products and services. In 2005-06, there were also 465 off-sale outlets across the province licensed to sell a full range of beverage alcohol products.

In 2005-06, SLGA listed 2,193 products, which includes general listings, specialty listings (with an emphasis on fine wine) and domestic and imported beer. SLGA is committed to ensuring customer needs are met by offering a special order service for customers who want products not currently listed by SLGA. SLGA continues to place a greater emphasis on procuring limited allocation premium wines from around the world to meet the growing requests of Saskatchewan consumers.

SLGA's distribution centre, located in Regina, processed 14,482 orders in 2005-06 at an average of 136 cases of product per order for stores and 24 cases per order for franchises. This represents an annual flow of approximately 1.35 million cases of beverage alcohol that are received, stored and ultimately shipped across the province.

SLGA also manages the administration of special occasion permits for the province. Special occasion permits are required for anyone serving alcohol at special events such as weddings, cabarets and fundraisers. There were 18,185 permits issued in 2005-06.

As a regulatory body for liquor-permitted premises, SLGA ensures that commercial permittees in the province are complying with the rules and regulations set out in *The Alcohol and Gaming Regulation Act, 1997*. SLGA also follows up on any complaints regarding permitted establishments. At March 31, 2006, there were 1,698 commercial permittees in Saskatchewan.

THE PROVINCIAL GAMING SECTOR

SASKATCHEWAN LIQUOR AND GAMING AUTHORITY

SLGA fulfils a number of distinct roles in the provincial gaming sector. First, SLGA directly manages the majority of the province's electronic gaming machines, including the province's network of video lottery terminals (VLTs), and the slot machines at First Nations casinos. SLGA owns and operates all provincial VLTs. The overall number of VLTs in Saskatchewan remains capped at 4,000 machines. SLGA contracts with the Western Canada Lottery Corporation (WCLC) to service and maintain the VLTs and pays a commission to liquor-permitted establishments that host the VLT machines. As of March 31, 2006, there were 3,978 VLTs in 678 sites, located in 318 communities across the province.

Second, SLGA plays an important role in regulating the operations of the province's seven existing casinos which include: Saskatoon's Emerald Casino, operated by Saskatoon Prairieland Park Corporation; four First Nations casinos operated by the Saskatchewan Indian Gaming Authority (SIGA); and, two casinos in Moose Jaw and Regina operated by the Saskatchewan Gaming Corporation (SGC). SLGA also reviews proposals for new casino developments and provides recommendations to government. Two new casinos were approved for SIGA in 2004-05 in Swift Current and at the Whitecap Dakota First Nation.

Third, SLGA also licenses and regulates most other forms of gaming including charitable bingo, raffles, breakopen tickets, and poker tournaments. SLGA also regulates the horse racing industry in the province and provides grants in support of the industry. SLGA conducts this regulatory activity through a range of licensing, monitoring and auditing activities. Money raised through charitable gaming activities is retained by charitable organizations.

SASKATCHEWAN INDIAN GAMING AUTHORITY (SIGA)

First Nations casino gaming in Saskatchewan is conducted through an agreement between the Province and the Federation of Saskatchewan Indian Nations (FSIN). The FSIN created the Saskatchewan Indian Gaming Authority (SIGA) to operate:

- Gold Eagle Casino – opened February 1996 in North Battleford
- Northern Lights Casino – opened March 1996 in Prince Albert
- Bear Claw Casino – opened November 1996 on the White Bear First Nation
- Painted Hand Casino – opened December 1996 in Yorkton

As identified above, two additional SIGA casinos were approved in 2004-05 in Swift Current and at the Whitecap Dakota First Nation and are currently under development.

SIGA revenues are split, with 37.5 per cent of net profits provided to the provincial government's General Revenue Fund, 37.5 per cent provided to the First Nations Trust, and 25 per cent directed to Community Development Corporations (CDCs). The First Nations Trust supports economic development, social development, justice, health, education, culture and other First Nations initiatives. The Trust is administered by a First Nation Board of Trustees. Saskatchewan First Nations and Métis Relations (FNMR) is responsible for providing funds to the Trust and for ensuring that the Trust meets the accountability requirements expected of it. CDCs fund economic development, social development, justice, education, recreation, culture, health and other related initiatives among First Nations and non-First Nations organizations in and around the communities where these casinos are located. CDCs are run by boards in each of these four communities.

Under the Gaming Framework Agreement between the Province and the FSIN, payments are also made to the First Nations Addictions Rehabilitation Foundation ($1.5 million) for problem gambling services, and to the FSIN ($250,000) to support its efforts to prepare proposals for on-reserve gaming jurisdiction. These payments are made prior to the profit distribution described above. SIGA directly retains any profits it makes from table games to support First Nations religious or charitable organizations.

As of March 31, 2006, SIGA casinos employed 1,174 people, 81 per cent of whom are of Aboriginal heritage. In 2005-06, SIGA reported a net profit of $40.2 million, the highest net profit ever reported for SIGA.

SASKATCHEWAN GAMING CORPORATION (SGC)

Casinos Regina and Moose Jaw are independently operated by the Saskatchewan Gaming Corporation (SGC), a Treasury Board Crown Corporation. Casino Regina opened in January 1996; Casino Moose Jaw opened in September 2002. Revenues from SGC casinos are also split, with 50 per cent of revenues retained by the provincial government's General Revenue Fund, 25 per cent provided to the First Nations Trust and 25 per cent provided to the Community Initiatives Fund (CIF). The CIF distributes casino profits to exhibition associations and to community groups that provide programs and services for vulnerable children, youth and families. The fund is administered by Saskatchewan Culture, Youth and Recreation. Fifty per cent of the employees employed at Casinos Regina and Moose Jaw are of Aboriginal heritage.

Plan at a Glance

This is the fifth year that SLGA has developed and published its Corporate Performance Plan. SLGA's 2007-08 Performance Plan builds on last year's Plan that was published with the Provincial Budget in April 2006. SLGA consults regularly with a wide variety of internal and external stakeholders as a part of its regular business operations. SLGA has also emphasized a multi-year, collaborative and participatory approach to strategic planning across the organization and with key stakeholders. All six Corporate Divisions regularly participate in the planning process and SLGA has implemented several corporate processes designed principally to support SLGA's commitment to strengthening planning and accountability for results across the organization.

Below is a summary of SLGA's 2007-08 Performance Plan. The goals and objectives presented below articulate the key outcomes that SLGA seeks to achieve in advancing our vision. A detailed review of SLGA's objectives and performance measures can be found in the *Goals, Objectives, Actions and Measures* section. Strategic planning is implicitly evolutionary in nature, and SLGA expects that its plan will mature and evolve over time to respond to emergent opportunities and challenges in the planning environment.

SLGA'S VISION

SLGA's vision describes the ideal state to which the organization strives. SLGA's vision is:

- excellent customer service;
- progressive business operations and fiscal responsibility;
- responsible use of liquor and gaming products;
- fair access to liquor and gaming products and services;
- that charities, business and government realize their goals through the economic benefits generated through liquor and gaming activity; and
- SLGA is an employer of choice representative of the diversity of Saskatchewan.

SLGA'S MISSION

To distribute, manage, operate and regulate liquor and gaming products throughout Saskatchewan in ways that promote fairness and fiscal and social responsibility.

GUIDING PRINCIPLES

SLGA's guiding principles define its core beliefs and values:

- **Integrity** – We will be honest, fair and trustworthy in our activities and relationships.
- **Social Responsibility** – We will conduct our operations in a manner that balances revenue generation and social responsibility.
- **Fiscal Responsibility** – We will conduct our operations in a fiscally responsible way.
- **Accountability** – We will be accountable to the Saskatchewan people for our actions, decisions and performance.
- **Mutual Respect** – We will be respectful in our interactions, based on fairness, equity and openness.
- **Open Communication** – We will communicate and consult internally and externally in an open, direct, and respectful manner.
- **Diversity** – We will value people and their differences.

GOAL 1

Customer Service – Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous and knowledgeable staff

OBJECTIVE 1 – *Customer Service Excellence: Achieve and maintain a high level of customer satisfaction, by providing excellent customer service within a contemporary infrastructure that balances customer expectations with fiscal responsibility*

Performance Measure

- Customer satisfaction – retail liquor customers

GOAL 2

Public Policy – Develop and administer fair public policy which monitors and regulates liquor and gaming activity, provides for a fair distribution of revenues among provincial stakeholders, and promotes integrity and social responsibility in the industry

OBJECTIVE 1 – *Monitoring and Regulating: Promote integrity, responsibility and fairness in the liquor and gaming industry*

Performance Measures

- Compliance rates for liquor activity and for charitable gaming
- Number of inspections and investigations
- Number of audits/reviews and sanctions

OBJECTIVE 2 – *Revenue Distribution: Distribute liquor and gaming revenue among provincial stakeholders in support of broader provincial objectives*

Performance Measures

- VLT site commission revenue
- Off-sale permittee beer discount
- Franchise commission
- Charitable gaming proceeds
- Revenue transferred to First Nations Addiction Rehabilitation Foundation (FNARF)
- VLT net income transferred to the General Revenue Fund
- SIGA net income transferred to the General Revenue Fund
- SLGA net income transferred to the General Revenue Fund

OBJECTIVE 3 *– Fair Access: Support fair access to liquor and gaming products and services*

Performance Measures

- Retail liquor outlets per capita
- Number of VLTs in operation; number of sites; number of communities with VLTs

OBJECTIVE 4 *– Social Responsibility: Promote social responsibility in the use of liquor and gaming products*

Performance Measure

- Under development

GOAL 3

Our People – Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility

OBJECTIVE 1 *– Employee Health, Safety, and Satisfaction: Create a safe, healthy, and positive workplace for our employees*

Performance Measure

- Number of employees who have taken harassment and violence in the workplace awareness training each year

OBJECTIVE 2 *– Employee Performance and Skill Development: Develop the capacity and skills of our employees by offering opportunities for learning and growth*

Performance Measure

- Percentage of employees and managers using the new performance planning process

OBJECTIVE 3 – *Representative Workforce: Develop a workforce that is representative of the population we serve*

Performance Measure

- Equity group employment

OBJECTIVE 4 – *Communication: Effectively communicate our policies, priorities and results, both within our organization and externally to the public*

Performance Measure

- Employee satisfaction with internal communication

GOAL 4

Internal Operations – Continually improve our business processes through enhanced productivity, improved internal management systems and through the creativity of all employees

OBJECTIVE 1 – *Improved Business Processes, Productivity and Infrastructure: Streamline our internal business processes and infrastructure in ways that enable our employees and foster continuous improvements in customer service, productivity, and cost-effectiveness*

Performance Measures

- Licensing, regulating and support expenditures as a per cent of revenue
- Store operating cost as a per cent of store sales
- WCLC costs as a per cent of VLT revenue
- SIGA net income as a per cent of SIGA net revenue
- SIGA slot costs as a per cent of SIGA slot revenue

GOAL 5

Financial – Be fiscally responsible and accountable in support of provincial financial objectives

OBJECTIVE 1 – *Financial Management and Accountability: Manage our resources effectively to ensure fiscal responsibility and accountability*

Performance Measures

- SLGA net income
- Net income percentage variance from previous year
- Marginal return on expenses

2007-08 Financial Overview

SLGA's 2007-08 financial plan builds on the strategic direction set out in this Performance Plan. The financial plan is intended to support SLGA in achieving the goals and objectives set out in its strategic plan.

The main financial outcome for SLGA is its net income which consists primarily of the following components: provincial VLT revenues; SIGA net income; and profits from the retail liquor sector. SLGA's net income is transferred annually to the Government's General Revenue Fund (GRF) in support of broader provincial objectives. In 2005-06, $352 million was made available to the General Revenue Fund by SLGA.

For 2007-08, SLGA is budgeting for a net income transfer of $350.7 million. VLT net income is estimated to increase $6.9 million (4.0 per cent) relative to SLGA's budget estimates for 2006-07. This increase is based on a 5 per cent recovery in VLT revenues following the impact of the provincial non-smoking legislation and is partially offset by the impact of the opening of the Whitecap Casino. SIGA net income is estimated to increase $10.4 million (34.7 per cent) relative to the 2006-07 Budget. Net income in the retail liquor sector is expected to increase $0.6 million (0.4 per cent) over 2006-07 estimates based on moderate volume growth forecasts in liquor sales.

Overall, SLGA's capacity to continue to generate additional revenues is impacted by a variety of macro-economic forces and public policy choices. SLGA continues to operate in an increasingly competitive environment and operational costs have risen in both the liquor and gaming sectors. As well, the provincial gaming market is moving towards saturation, and macro-economic and demographic trends in the province continue to impact SLGA's overall profitability. Given the convergence of these factors, there is limited opportunity to realize significant natural growth. Any policy changes designed specifically for revenue generation must be balanced with SLGA's social responsibility mandate, further limiting growth potential.

Trends and Issues

The following trends and issues in the external and internal environment help shape and define SLGA's approach to strategic planning and corporate risk management.

DEMOGRAPHIC AND ECONOMIC TRENDS

Demographic trends have significant implications for SLGA both in terms of how it delivers products and services but also for maintaining revenues. Because population growth is a determinant of the natural growth in overall liquor consumption and gaming activity, maintaining revenues over the long-term is a challenge for SLGA if the provincial population does not grow or declines. In addition, Saskatchewan's population overall is aging. Generally speaking, statistics indicate that overall liquor consumption declines with age whereas latest statistics have indicated that gaming activity levels increase with age. These factors can be compounded by other trends such as rural depopulation that can impact the viability of rural liquor franchises and hoteliers.

SLGA's revenue stream has demonstrated positive growth over the past few years. How much of this growth has been driven by five consecutive years of Saskatchewan personal net borrowing is not measurable; however, rising interest rates could reverse this trend and move the economy into a period of net saving which could dampen consumption and activity trends. Similarly, the extent to which the western economy can keep pace with the increased activity that has essentially been driven by strong oil prices combined with other factors remains to be seen.

TRENDS IN BEVERAGE ALCOHOL

The beverage alcohol industry is characterized by a number of common trends. The volume of spirit sales has stabilized in recent years posting three consecutive years of moderate growth, while wine has recorded significant increases. Beer sales experienced a downturn in 2004-05, rebounding slightly in 2005-06. The historical trend toward wine and beer put significant downward pressure on profit margins due to their lower mark-up relative to spirits. If the recovery in the spirits sector continues, this presents an opportunity for increased revenue from liquor operations especially if this volume increase coincides with a continued trend toward higher-end purchases. Aside from product trends, consumers are constantly seeking more product information and product selection, better shopping environments and increased convenience.

FIRST NATIONS GAMING

Management of First Nations gaming issues will continue to be a priority for SLGA over the near to medium term. The first five-year review of the 2002 Gaming Framework Agreement (GFA) and 2002 Casino Operating Agreement commenced in 2006-07. Discussions will continue in 2007-08 towards finalizing that review. In addition to the ongoing monitoring of financial management at SIGA, overseeing the development of two new casinos in the Whitecap Dakota First Nation and in Swift Current will be a central focus. Negotiations regarding First Nations jurisdiction over gaming on reserve land and the capacity building associated with the transfer of the regulation of on-reserve charitable gaming to the Indigenous Gaming Regulators will also continue to be of significant importance.

CHARITABLE GAMING

Charitable gaming revenues have been in decline for a number of years. Revenue available to the province's charities declined 30 per cent from 2001-02 to 2005-06. A comprehensive charitable gaming review was initiated in 2004-05 to examine the potential causes, and the impact, of this decline in revenue accruing to charities. In response to this review, in 2006-07 SLGA announced the introduction of a charitable gaming grant program that would provide charities with an additional $0.25 for every net dollar raised through charitable gaming activity. In addition, the introduction of licensed charitable poker tournaments and Monte Carlo events provided two new charitable gaming activities. SLGA will continue to monitor the charitable gaming sector over time to determine if these initiatives have been successful in curtailing the decline in charitable gaming proceeds.

SOCIAL RESPONSIBILITY

Establishing the appropriate balance between revenue generation and social responsibility is a key objective for SLGA. The Addley Report and the Premier's *Project Hope* have focused more public and government attention on the socially responsible use of alcohol and gaming products, and more generally, on the social and health implications of addiction. SLGA has advanced a range of possible strategies that could be implemented as a part of the recommendations of the Addley Report and these are currently being evaluated as part of the overall liquor regulatory review.

Work is also underway to monitor and evaluate the socio-economic impact of gaming with representation on the inter-jurisdictional oversight committee charged with developing an internationally accepted methodology. SLGA continues to work with Saskatchewan Health to provide funding for education, prevention and treatment initiatives related to problem gambling.

MAINTAINING THE INTEGRITY OF THE LIQUOR AND GAMING SECTORS

The continued evolution and expansion of the provincial gaming sector continues to place more demands on the regulatory function of SLGA. Improved registration capabilities are required as the number of gaming employees and suppliers continue to increase. As well, the ongoing evolution of electronic gaming machines raises more challenges for compliance in terms of developing gaming integrity standards, acquiring new industry and technological knowledge to assess new products, and implementing more sophisticated security and surveillance techniques. Similarly, the impact on the regulatory environment from the introduction of charitable poker and Monte Carlo events is yet to be fully realized. As well, the introduction of the charitable gaming grant program in 2006 will place additional responsibility on audit and regulatory resources due to the newly created direct relationship between charitable gaming revenue and grant expenditures.

In a broader context, a key ongoing challenge for SLGA is to ensure compliance with liquor and gaming laws and regulations across the province and across a wide variety of stakeholders and partners.

REVENUE GENERATION CAPACITY

SLGA has steadily increased its net income over the last ten years. This growth has largely been the result of the implementation of specific policy changes complemented by natural growth in both the liquor and gaming sectors. SLGA's capacity to continue to generate additional revenue is increasingly impacted by the convergence of a variety of macro-economic forces. The maturity of the liquor and gaming markets combined with a relatively stable population level limit SLGA's opportunity to realize significant revenue growth without implementing policy changes designed specifically for revenue generation.

Changes from 2006-07 Performance Plan

SLGA undertook several important changes to its Performance Plan in 2006-07, including revising its mission statement, merging several key objectives in Goals 1 and 4, and making several refinements to its key actions and performance measures.

For 2007-08, SLGA's five main strategic goals remain the same as those published in its 2006-07 Performance Plan and all key actions have been updated to focus on the 2007-08 planning and budgeting cycle. Trendline information has been added to most performance measures, including the most recent data available, to provide additional context and historical information for the reader.

Goals, Objectives, Actions and Measures

This section describes in greater detail SLGA's objectives, what key actions it will undertake, and how well the organization is doing in achieving these prescribed outcomes. All of the key actions identified here apply to the 2007-08 fiscal year. Unless otherwise indicated, historical trendline information, including year-end results for the 2005-06 fiscal year, has been included for performance measures.

GOAL 1

Customer Service – Meet the expectations of our customers by having the right products and services, delivered by friendly, courteous, and knowledgeable staff

OBJECTIVE 1 *– Customer Service Excellence: Achieve and maintain a high level of customer satisfaction by providing excellent customer service within a contemporary infrastructure that balances customer expectations with fiscal responsibility*

Excellent customer service is one of the most important outcomes for SLGA as a customer-oriented, retail business. As such, SLGA's strategic plan has dedicated considerable resources to continually improving customer service. SLGA has defined a range of key actions and initiatives that support this focus on improving customer service. Identifying what is most important to customers is a key component for SLGA in continuing to offer high quality programs and services. Customer satisfaction is an important indicator of the quality of SLGA's programs and services and how they are perceived by the public and stakeholders.

The overall quality and the outcomes achieved by SLGA's core businesses are dependent on a range of components, including the infrastructure used to house and deliver our products and services. This infrastructure can range from retail liquor stores, to electronic gaming machines (e.g., VLTs and slots), to SLGA's warehouse inventory and point-of-sale systems. The extent to which SLGA's infrastructure is maintained, replaced or upgraded has significant implications for how the corporation meets specific needs, including a desire to enhance customer service and to respond to changing market demands.

Key Actions for 2007-08

- Complete detailed analysis of 2006-07 *Retail Store Customer Satisfaction Survey* and recommend strategies to address issues.
- SLGA will begin delivery of advanced product knowledge training in 2007-08 while continuing to provide initial customer service/product knowledge training to new employees as required.
- Continue to refine the liquor store capital plan to maintain existing infrastructure and provide for improved customer service, increased product selection, convenience, and improved access and parking where required.
- Update and implement an annual retail marketing plan that identifies opportunities to enhance and promote retail liquor sales and services.
- SLGA will continue to work with SIGA to review and evaluate the Province's First Nation casino infrastructure. 2007-08 will focus on new SIGA casino developments located at the Whitecap Dakota First Nation, the city of Swift Current and replacement of the Painted Hand Casino in Yorkton.
- SLGA will work with SIGA on an annual basis to review and evaluate the current slot machine products located in SIGA casinos. SLGA will continue to work in consultation with SIGA and WCLC to replace slot machines on a regular basis and to develop a maintenance plan for the machines.
- Implement a follow-up survey to measure performance and obtain feedback about licensing services from customers in order to make improvements over time. SLGA delivered a survey in 2003-04, and although initially planned for 2006-07, SLGA intends to administer a follow-up survey in 2007-08.
- Building on the work conducted in 2006-07, SLGA will finalize and roll-out a consumer education program focusing on the use of charitable gaming as a fundraising tool.

What are we measuring?

Customer Satisfaction – Retail Liquor Customers

Progress to date

	2002-03	2004-05
Satisfaction with Customer Service	92%	91%
Satisfaction with Quality of Service	97%	96%

SLGA administers this survey every two years, with the 2006-07 survey following up on surveys conducted in 2004-05 and 2002-03. Satisfaction surveys help SLGA to develop strategies to improve customer satisfaction. The survey is administered to a random sample of 1,500 Saskatchewan residents. The survey is considered accurate to within plus or minus 2.5 per cent at a 95 per cent confidence level. Based on the most recent data from 2004-05, 91 per cent of survey respondents are satisfied with *customer service* at liquor stores, and 96 per cent of survey respondents said that the *overall quality of service* provided by liquor stores either met or exceeded their expectations.

Although the 2005 results indicate a small decline in overall satisfaction relative to 2003, based on the margin of error, the difference is not statistically significant.

GOAL 2

Public Policy – Develop and administer fair public policy, which monitors and regulates liquor and gaming activity, provides for a distribution of revenue among provincial stakeholders, and promotes integrity and social responsibility in the industry

OBJECTIVE 1 *– Monitoring and Regulating: Promote integrity, responsibility and fairness in the liquor and gaming industry*

A key part of SLGA's role focuses on developing, administering and enforcing the laws and regulations pertaining to the province's liquor and gaming sectors. SLGA works in conjunction with law enforcement authorities, the Provincial Auditor's Office and other regulatory agencies in order to ensure greater effectiveness and efficiency in monitoring both liquor and gaming activities throughout the province. SLGA also conducts comprehensive site inspections and investigates complaints. In addition to these roles, SLGA plays an important role in ensuring the legislative and regulatory framework addresses emerging challenges. All of these functions are designed to ensure the integrity of the liquor and gaming industries in the province within a legal framework that is both fair and responsible.

Key Actions for 2007-08

- SLGA will advance and implement recommendations resulting from the liquor regulatory review which evaluated the liquor licensing and regulatory system.
- SIGA achieved compliance with the sustained progress benchmarks during the 2006-07 fiscal year. However, SLGA will continue to conduct semi annual audits at SIGA to ensure that these benchmarks are met for two consecutive years pursuant to the terms of the Casino Operating Agreement. In 2007-08, SLGA will also continue to review SIGA's annual strategic and business plans to ensure that SIGA operational and financial plans are aligned and are consistent with the goals and objectives identified in SLGA's Performance Plan.
- SLGA will review and follow up on any reportable items identified by the Provincial Auditor, the Regulatory Compliance Division and the Audit Services Branch within SLGA. SLGA will continue to work with SIGA and WCLC to ensure reportable items are followed up and appropriately addressed.

- SLGA will continue to modernize and update the regulatory framework for liquor and gaming activity in the province.
- SLGA will continue to register gaming employees and suppliers as a key part of its overall compliance activity. In addition to working on continual refinement of SLGA's on-line registration system, activity in this area will increase sharply in 2007-08 and 2008-09 as the new SIGA casinos at the Whitecap Dakota First Nation and Swift Current come on stream.
- Finalize and implement a program within liquor permitted establishments to monitor the integrity of the VLT program through random computer checks, increased investigations, and sanctions for infractions.
- SLGA will continue to provide a range of formal consultations and educational workshops to a variety of stakeholders and clients about regulatory compliance standards. These workshops are intended to promote awareness about the laws and regulations governing the liquor and gaming industries in Saskatchewan.

What are we measuring?	**Progress to date**
Compliance Rates, Audits and Sanctions	Compliance Rates for Liquor Activity: 97%
	Compliance Rates for Charitable Gaming: 90%
	Number of Inspections: 4,695
	Number of Investigations: 2,454
	Number of Audits/Reviews: 92
	Total Number of Sanctions: 196
	[2005-06]

Ensuring a high degree of compliance is a key outcome envisioned in SLGA's strategic plan. Above are a series of measures that demonstrate how SLGA ensures compliance in the liquor and gaming sectors in the province. Each measure contributes to ensuring the integrity of SLGA's regulatory compliance framework. The first two measures depict the compliance rate outcomes for both the liquor and charitable gaming sectors by illustrating what percentage of inspections and investigations do not result in a sanction. Overall, these measures demonstrate that compliance rates in these two areas are very high. Measures surrounding the number of inspections, investigations, sanctions, and audits reflect the scope of activity conducted in various areas of regulatory compliance. Some of SLGA's compliance outcomes may fluctuate from year-to-year as a result of shifts toward more in-depth, project-based inspections and investigations.

OBJECTIVE 2 – Revenue Distribution: Distribute liquor and gaming revenue among provincial stakeholders in support of broader provincial objectives

SLGA plays a significant role in both revenue generation for the provincial government as well as in redistributing liquor and gaming revenue among provincial stakeholders in support of the achievement of broader provincial objectives. The policy and legislative framework governing the Province's liquor and gaming sectors provides for more than direct redistribution in that it allows stakeholders the opportunity to generate their own revenue from these activities. This objective speaks to SLGA's role in setting out an effective and fair policy framework, as well as the corporation's role in redistributing revenue among charities, businesses and partners.

Key Actions for 2007-08

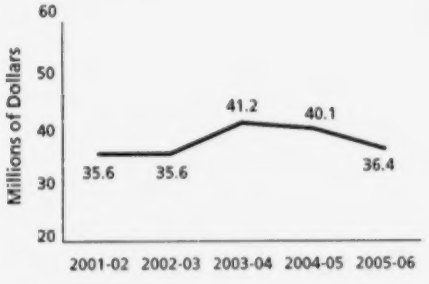
- The first five-year review of the 2002 Gaming Framework Agreement (GFA) and 2002 Casino Operating Agreement commenced in 2006-07. Discussions will continue in 2007-08 towards finalizing that review. Concurrently, work with respect to the Indigenous Gaming Regulators (IGR) – SLGA Regulatory Agreement; operationalizing the arrangements for two new casinos approved for SIGA in 2004-05 in Swift Current and the Whitecap Dakota First Nation; the joint FSIN/provincial committee respecting First Nations jurisdiction over gaming on reserve land; and, participating on a Community Development Corporation (CDC) Standing Committee, will continue.
- Implement SLGA's corporate research agenda, which includes policy and program evaluation, background research, and post-implementation evaluation. In 2007-08, the focus will be on monitoring the impact of proposed changes following policy reviews in charitable gaming and liquor licensing.

The measures below reflect how revenue is shared among various provincial stakeholders within the liquor and gaming sectors in Saskatchewan. The measures provide context about how liquor and gaming revenues are distributed among and generated by many different provincial stakeholders, beyond the provincial government.

What are we measuring?

Revenue Distribution – VLT Site Commission Revenue

Progress to date

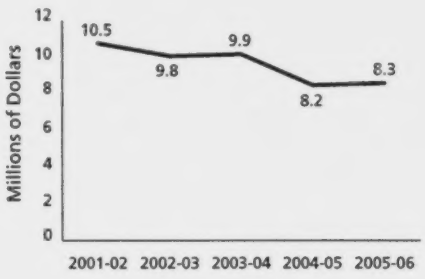


The VLT site commission revenue for the year ending March 31, 2006 was $36.4 million. During the period of 2001-02 to 2003-04, VLT site commission revenue increased due to the replacement of old machines as well as the addition of 400 VLTs in 2003-04. However, there has been a $4.8 million decrease in the period 2004-06, due primarily to the impact of *The Tobacco Control Amendment Act, 2004* (the province-wide smoking ban). Despite the decrease, revenue remained above 2002-03 levels, and SLGA is projecting that VLTs will recover over time. SLGA pays a fifteen per cent VLT site commission to permitted establishments that host VLTs.

What are we measuring?

Revenue Distribution – Off-Sale Permittee Beer Discount

Progress to date

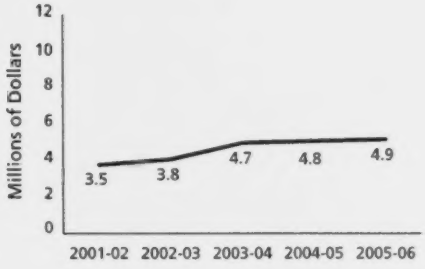


The off-sale permittee beer discount for the year ending March 31, 2006 was $8.3 million. The 2005-06 result reflects a small increase of $0.1 million relative to 2004-05, however the result has not rebounded to 2003-04 levels. Factors that have likely influenced these purchase levels are: the substitution effect toward the purchases of spirits from off-sale outlets since they became available for sale late in 2003; the NHL strike that impacted sales during the play-off season early in 2005-06; an aging demographic; continued rural depopulation; and, changing consumer preferences.

What are we measuring?

Revenue Distribution – Franchise Commission

Progress to date

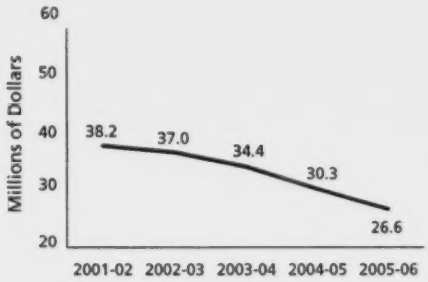


The franchise commission for the year ending March 31, 2006 was $4.9 million, slightly above the amount received in 2004-05. SLGA revised the commission structure for wine, spirits and refreshments in 2002-03 from 11.3 per cent to 15.3 per cent explaining the increase in 2003-04.

What are we measuring?

Revenue Distribution – Charitable Gaming Proceeds

Progress to date



Total charitable gaming proceeds for 2005-06 were $26.6 million. The 2005-06 result represents a $3.7 million decline from the 2004-05 figure of $30.3 million. Charitable gaming proceeds have continued to decrease due to the ongoing decline in popularity of bingo and breakopen tickets, and due to the implementation of the municipal and provincial smoking bans.

Initiatives implemented in 2006-07, such as the charitable gaming grant program and the introduction of charitable gaming poker tournaments, are intended to stabilize charitable gaming proceeds over the near to medium term.

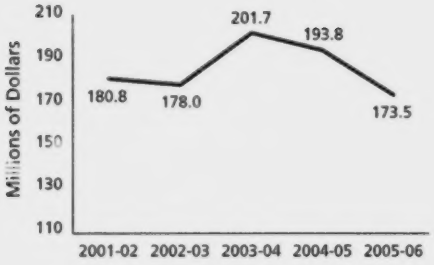
Revenue Distribution – Revenue Transferred to the First Nations Addiction Rehabilitation Foundation (FNARF)

- FNARF receives $1.5 million in funding annually through the Gaming Framework Agreement to support problem gambling prevention and addiction services.

What are we measuring?

VLT Net Income Transfer to the GRF

Progress to date

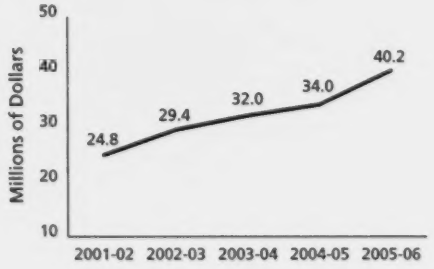


SLGA transferred $173.5 million in VLT net income to the General Revenue Fund in 2005-06. Similar to the trend shown in VLT site commission revenue, VLT net income increased over the period of 2001-02 to 2003-04 as a result of the replacement of old machines and the addition of 400 VLTs in 2003-04. VLT net income decreased in 2004-05 due to the implementation of municipal smoking bans in some cities in 2004 and the implementation of the province-wide smoking ban effective January 1, 2005. In 2005-06, the further decline in VLT net income is explained by the annualized impact of the province-wide smoking ban. SLGA projects that VLT net income will recover over time.

What are we measuring?

SIGA Net Income Transfer to the GRF

Progress to date

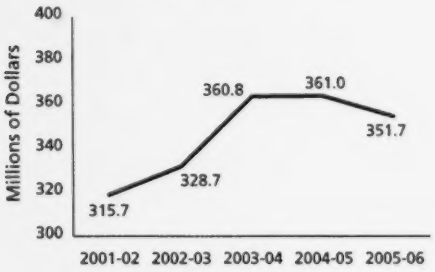


SIGA's net income for 2005-06 was $40.2 million, of which the General Revenue Fund retains 37.5 per cent as per the Gaming Framework Agreement. SIGA's net income has continued to grow over time, however the $6.2 million increase in net income over 2004-05 represents improved performance resulting from casino capital improvements and the provision of smoking areas in SIGA casinos.

What are we measuring?

Revenue Distribution – SLGA Net Income Transferred to the General Revenue Fund

Progress to date



SLGA's transfer to the GRF for the year ending March 31, 2006 was $351.7 million. The decreased transfer compared to 2004-05 is primarily attributed to lower VLT revenues that were partially offset by an increase in SIGA net income.

OBJECTIVE 3 – Fair Access: Support fair access to liquor and gaming products and services

Saskatchewan's geographically dispersed population makes achieving this objective a key principle in the Province's public delivery model from not only a consumer's perspective but also from a business perspective. The policy framework not only allows for access to these goods and services in rural and remote areas by consumers, but it also provides businesses, charities, and First Nations with the opportunity to benefit from these activities. In the retail liquor distribution sector this objective is dependent on SLGA's partnership with the Province's network of private franchises and off-sale outlets, and access to gaming activities depends on SLGA's partnership with VLT site contractors, the Province's charitable gaming network, and SIGA casinos.

Key Actions for 2007-08

- SLGA will monitor the distribution of VLTs in the province and as VLTs become available SLGA will distribute them in accordance with its policy.

What are we measuring?

Retail Liquor Outlets per Capita

Progress to date

See the following table

RETAIL LIQUOR OUTLETS PER CAPITA

	2002-03	2003-04	2004-05	2005-06
19+ Provincial Population*	726,662	730,213	734,145	737,942
Total Number of Outlets	755	755	750	734
Outlets Per Capita 19+	1:962	1:967	1:978	1:1,005

* *The population figures are provided by Statistics Canada, annual population estimates by age. Population figures from Statistics Canada are frequently revised as they receive more information. Population data for 2002 through 2004 has been restated based on these revisions. SLGA has, and will continue to, restate the population data as it is updated by Statistics Canada.*

Saskatchewan's model for beverage alcohol distribution provides more outlets per capita than in any other jurisdiction except Quebec. This measure depicts the ratio of liquor outlets per capita using provincial population data for those age nineteen and older. The measure is calculated by dividing the '19+' provincial population cohort by the total number of retail outlets, including the number of SLGA liquor stores, the number of franchises and the number of off-sale outlets.

In 2005-06, Saskatchewan had one liquor outlet for every 1,005 residents age 19 and older, compared to one outlet for every 978 residents in 2004-05. The 2005-06 result is calculated based on a total of 734 outlets (80 SLGA stores + 465 off-sale outlets + 189 franchises) and a provincial population for those age nineteen and older of 737,942 (Statistics Canada, Annual Population Estimates by Age and Sex, July 2005).

What are we measuring?

Number of VLTs in Operation; Number of Sites; and the Number of Communities with VLTs

Progress to date

See the following table

VLTS IN OPERATION

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Number of VLTs	3,567	3,561	3,536	3,760	3,995	3,971	3,978
Number of Sites	641	643	682	691	691	697	678
Number of Communities with VLTs	326	321	332	334	326	324	318

This measure tracks the total number of VLTs in operation, the number of sites in which VLTs are operational and the number of communities with VLTs. The measure serves as a good indicator for tracking fair access to VLTs.

As of March 31, 2006, there were 3,978 VLTs in 678 sites, located in 318 communities in Saskatchewan. Since 2003-04, SLGA has operated within the established cap of 4,000 VLTs. The number of sites and the number of communities with VLTs has been relatively stable over time.

OBJECTIVE 4 *– Social Responsibility: Promote social responsibility in the use of liquor and gaming products*

This objective is intended to reflect the key partnership role SLGA plays in promoting the socially responsible use of liquor and gaming products in collaboration with agencies like Saskatchewan Health and Saskatchewan Government Insurance (SGI). Social responsibility forms a part of SLGA's mandate and work towards this objective is an important part of SLGA's strategic

direction. SLGA currently contributes to a number of programs and initiatives designed to improve social outcomes in the use of liquor and gaming products including programs like: the Server Intervention Program; responsible drinking awareness programs and initiatives; problem gambling awareness initiatives and media campaigns; support for Fetal Alcohol Spectrum Disorder through the provincial Cognitive Disabilities Strategy; the Problem Gambling Help-Line; the adoption of responsible gambling features on VLTs; funding for the Saskatchewan Responsible Gaming Association (SRGA); and allowing northern municipalities with the option to ban the sale of of beer in bottles in their community.

Key Actions for 2007-08

- SLGA has the ability to promote social responsibility through the direct financial support of programs designed to encourage the responsible use of alcohol and gaming. In 2007-08, SLGA will continue to assess its role in social responsibility and further the development of an SLGA Social Responsibility Plan. Initiatives include increased intra-government co-ordination.
- In response to the recommendations listed in the Addley Report *Healthy Choices in a Healthy Community,* SLGA will partner with the new Alcohol and Drug Prevention and Education Directorate in an effort to de-normalize current attitudes about alcohol abuse and reduce the opportunity for abuse. Specific actions will be included in the liquor review process where legislative/regulatory/policy changes to strengthen the regulatory framework respecting access to minors and those already intoxicated are under review.
- As a member of the oversight committee, continue to work with and financially support an inter-jurisdictional research project aimed at developing a reliable methodology to study the long-term socio-economic impact of gaming.
- Work with Saskatchewan Health within the overall provincial program for problem gambling and provide funding for education, prevention and treatment initiatives.
- Promote social responsibility in the liquor and gaming sectors through the consistent enforcement of standards and regulatory activities, and by enhancing the educational component of regulatory compliance.
- SLGA will continue to work with the Western Canada Lottery Corporation (WCLC) to provide VLT site contractor training which encourages the responsible use of gaming machines and provides training on the signs of problem gambling. SLGA will also continue exploring ways to improve its training with respect to problem gambling.

What are we measuring?	**Progress to date**
Under development	Under development

GOAL 3

Our People – Provide a positive and safe environment for our employees that values the differences in others and encourages continuous learning, mutual respect and self-responsibility

OBJECTIVE 1 – *Employee Health, Safety and Satisfaction: Create a safe, healthy and positive workplace for our employees*

SLGA employs approximately 900 staff in 64 communities. SLGA staff are critical to ensuring the organization's success in meeting customers' needs and being successful in delivering its core businesses. SLGA is committed to its vision of being an employer of choice and to its guiding principle of mutual respect. SLGA believes that the work environment is a significant determinant of employee success, productivity and retention, and as such, it is a key component of our Performance Plan.

Key Actions for 2007-08

- Following the approval of updated policies early in 2007-08, SLGA will implement Harassment & Violence in the Workplace Awareness training to staff across the organization.
- SLGA delivered a comprehensive employee satisfaction survey in 2005-06 and during 2006-07 work focused on developing and implementing an action plan to follow-up on key results. SLGA intends to administer a follow-up survey in 2007-08, following implementation of the action plan.
- Following completion of the Employee Family Assistance Program evaluation in 2006-07, SLGA will continue the process of reviewing and renewing employee benefit programs during 2007-08, including the establishment of a corporate Occupational Health and Safety Steering Committee to provide guidance and direction and proceeding with reviews of the Health Plan and extended Dental Plan.
- SLGA anticipates maintaining and enhancing a positive labour relations environment in 2007-08 through continuing to foster a collaborative and respectful working relationship with the union bargaining team, which experienced significant membership turnover in mid 2006-07, and other elected and appointed union representatives. In addition to emphasizing an interest-based approach to collective bargaining, resolving grievances, and dispute resolution, SLGA will also continue to provide learning and educational opportunities by supporting union shop steward training.

What are we measuring?	**Progress to date**
Number of employees who have taken Harassment & Violence in the Workplace Awareness training each year	Under development. The implementation of this program has been delayed. SLGA expects to begin delivering this program to employees in 2007-08.

This performance measure is intended to reflect the extent to which employees have taken training designed to eliminate harassment and violence in the workplace. SLGA is working to develop a more effective performance measure for this objective.

OBJECTIVE 2 – *Employee Performance and Skill Development: Develop the capacity and skills of our employees by offering opportunities for learning and growth*

Developing the capacity of SLGA's employees is an important component of SLGA's performance management and accountability processes. This objective envisions the development and implementation of a number of initiatives designed to develop employees' skills and ensure performance. These initiatives are also important components in ensuring that the organization has the capacity to meet strategic outcomes including enhancing customer service and overall productivity. As well, this objective is tied to developing leadership skills throughout the organization and to ensuring SLGA can address longer-term human resource challenges like retention, career planning and succession planning.

Key Actions for 2007-08

- Continue to train employees in leadership skills by offering different levels of leadership courses as well as customized modules on specific leadership issues. This training is intended to provide employees with enhanced leadership skills and a stronger understanding of concepts like self-responsibility, accountability, and self-evaluation.
- SLGA has delayed finalization of a new performance planning process until position competencies have been completed for a majority of staff, as they will be used in the planning process. SLGA now plans to finalize and introduce a new performance planning process during the 2007-08 fiscal year.
- SLGA will continue the development and refinement of its succession planning strategies in 2007-08, including implementing the use of core competencies for a significant majority of employees and introducing a new performance planning process to facilitate the identification and addressing of competency gaps in the organization, delivering training and developmental initiatives for employees, and continuing initiatives to diversify the workforce through SLGA's Employment Equity and Aboriginal Partnership initiatives.
- SLGA will continue to seek ways to improve its assessment of the effectiveness and impact of corporate training, including monitoring content and delivery of such programs as Leadership Development to ensure it is incorporating current educational trends and practices and remaining relevant to evolving corporate requirements. Recognizing the inherent challenge all organizations face in effectively measuring broad-based behavioral outcomes and the impact of training initiatives, SLGA continues to identify the development of effective measurements in this area as a goal to be strived for in the longer term.

What are we measuring?	Progress to date
Percentage of Employees and Managers Using the New Performance Planning Process	Under development. SLGA will develop performance measures for this objective following the implementation of a renewed corporate performance planning process. The process of evaluating SLGA's existing training programs may also yield outcome measures that help gauge the effectiveness of these programs in meeting broader corporate objectives.

OBJECTIVE 3 – Representative Workforce: Develop a workforce that is representative of the population

This objective reflects SLGA's commitment to having a workforce that represents the working age population of Saskatchewan at all levels of the organization. It is a critical component of SLGA's Balanced Scorecard and is also a key outcome envisioned by SLGA's Corporate Employment Equity Plan.

Key Actions for 2007-08

- Continue to work towards becoming a more diverse and representative workplace by preparing the organization to hire and retain employees from the four designated groups. In 2007-08, SLGA will focus on several overarching initiatives, as follows:
  - ~ continuing to review, refine and implement the Aboriginal Partnership Agreement (APA);
  - ~ reviewing and updating the Corporate Employment Equity Plan to ensure actions identified are achievable while at the same time challenging the organization;
  - ~ developing and implementing an action plan to address any systemic and policy issues identified in the human relations system review completed in 2006-07; and
  - ~ continuing to deliver cultural awareness and diversity training to all SLGA employees.

What are we measuring?	Progress to date
Equity Group Employment	See the following table

EQUITY GROUP EMPLOYMENT

Equity Group	2001-02	2002-03	2003-04	2004-05	2005-06
Aboriginal People	5.0%	5.4%	5.6%	5.2%	5.3%
Women Overall	58.1%	56.8%	57.4%	58.5%	60.0%
Persons with Disabilities	3.7%	3.4%	3.6%	4%	3.7%
Visible Minority Persons	2.1%	2.2%	2.6%	2.8%	2.9%

This measure depicts the employment status of the four designated equity groups within SLGA. Data for this measure is based on a regular workforce survey conducted by SLGA. The measure is an important indicator for evaluating progress towards achieving a representative workforce. SLGA has adopted the Saskatchewan Human Rights Commission guidelines for equity group employment rates, as follows: Women (45 per cent); Aboriginal People (12.5 per cent); Persons with Disabilities (9.7 per cent); and Visible Minorities (2.8 per cent).

The multi-year data regarding equity group employment shows increases in Aboriginal employees, women, and visible minorities occurred during the 2005-06 fiscal year, while a small decrease occurred in the category of persons with disabilities. Women continue to be over-represented in SLGA as a whole, however they are under-represented in professional occupations and management.

OBJECTIVE 4 *-- Communication: Effectively communicate our policies, priorities, and results both within our organization and to the public*

This objective reflects the importance of communicating SLGA's priorities, policies, programs, and results effectively to both our internal and external stakeholders. Effective communication is a critical corporate priority especially given the number and diversity of SLGA's stakeholders and customers in the liquor and gaming industries in Saskatchewan.

Key Actions for 2007-08

- SLGA will continue to refine existing on-line services for liquor licensing, charitable gaming licensing, and registration activity on its corporate website www.slga.gov.sk.ca as well as continuing to enhance the corporate intranet (ION).
- As per the Canadian Comprehensive Auditing Foundation (CCAF) reporting principles, continue to refine the annual performance plan and annual report to provide key information that allows the general public and our stakeholders to understand SLGA's risks, operations and processes and, with this information, easily assess SLGA's performance related to our stated goals and objectives.
- SLGA will revise the Liquor Permittee Manual in accordance with any approved changes that occur as a result of the liquor regulatory review.

What are we measuring?	Progress to date
Employee Satisfaction with Internal Communication	37% of surveyed employees disagreed that communication from higher levels within SLGA is good. SLGA was two percentage points higher than the public sector norm for this result. 32% of surveyed employees disagreed that they had good opportunities to communicate to higher levels within SLGA. SLGA was two percentage points higher than the public sector norm for this result. *[2004-05]*

The effectiveness of SLGA's internal communication processes and strategies are critical to ensuring SLGA can meet its strategic goals and vision. As part of SLGA's employee satisfaction survey, employees were asked a number of questions about their experiences with SLGA's communication approaches. As well, SLGA's results were measured against a data base of other public sector results based on the same survey questions. This allows SLGA to compare itself against other similar corporations. SLGA intends to extend this measure to its external stakeholders and clients over time. Additional surveys could be undertaken in the future evaluating SLGA's effectiveness in communicating with clients and stakeholders.

GOAL 4

Internal Operations – Continually improve our business processes through enhanced productivity, improved internal management systems, and through the creativity of all employees

OBJECTIVE 1 – *Improved Business Processes, Productivity, and Infrastructure: Streamline our internal business processes and infrastructure in ways that enable our employees and foster continuous improvements in customer service, productivity, and cost-effectiveness*

This objective speaks to the importance of ensuring continuous improvement in SLGA's internal operational efficiency and productivity. Operational improvements are diverse in scope, and can include: aligning information systems and technology with key priorities; improving internal auditing mechanisms; protecting SLGA's infrastructure and assets; refining and improving our annual planning and budgeting processes; undertaking evaluations of internal data to seek improvements in operational efficiency; and, making strategic investments in information systems to improve customer service and revenue generation.

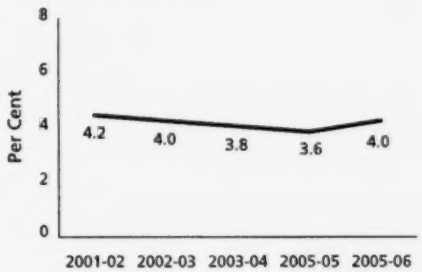
Key Actions for 2007-08

- In 2007-08, SLGA will continue to refine, update, and implement its Corporate Business Technology Plan, including evaluating existing business applications to ensure SLGA is obtaining full value from its systems and will refine and enhance existing systems as required. In particular, SLGA will be upgrading its financial business applications and implementing a formal information technology disaster recovery plan.
- In 2007-08, SLGA will complete the development of a Corporate Business Continuity Planning Framework. SLGA will also implement a formal information technology disaster recovery plan for its business critical systems. SLGA will also work with WCLC to review and make necessary adjustments to the business continuity and disaster recovery plans for the VLT and slot central operating systems.
- Originally targeted to roll-out to all stores in 2006-07, store strategic planning implementation has been delayed by one-year due to significant restructuring of responsibilities that took place at the regional management level in 2006-07.
- Continue to improve the managerial processes designed to identify and manage key corporate risks. Work towards aligning risk management strategies more explicitly with the Corporate Strategic Plan and incorporate more risk analysis into performance reporting.

What are we measuring?

Licensing, Regulating and Support Expenditures as a per cent of Revenue

Progress to date



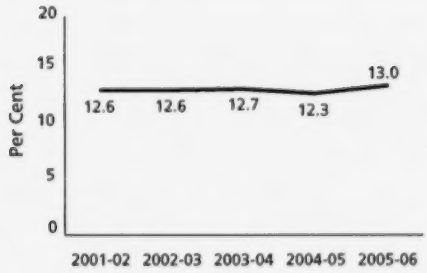
This is an efficiency measure that depicts the overall cost of generating revenue. The measure reflects SLGA's efforts to optimize revenue using the least amount of operational resources. The measure also reflects the expenditures that SLGA requires in order to meet its operational and regulatory roles. The measure is intended to evaluate how well SLGA is doing in terms of improving internal business operations, and how efficiently it uses public resources.

SLGA's licensing, regulating and support expenses as a percentage of revenue for the year ending March 31, 2006 was four per cent. In 2005-06, overall revenue increased; however, the increase in expenses on a percentage basis was greater than the growth in revenues resulting in a slight increase in this ratio.

What are we measuring?

Store Operating Cost as a per cent of Store Sales

Progress to date



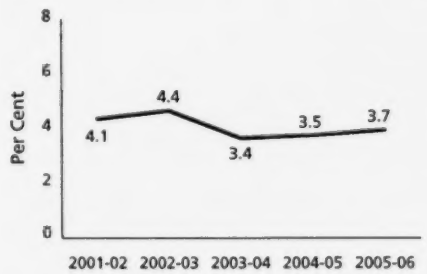
This measure demonstrates SLGA's efforts to maximize liquor store revenues by using the least amount of operational resources. Given the nature of SLGA store costs in terms of labour, supply, capital and equipment costs, the outcome of this measure reflects a high degree of efficiency in terms of keeping costs down as a percentage of revenues.

Store operating costs as a percentage of store sales were 13.0 per cent for the year ending March 31, 2006. The retail store system recorded increases in 2005-06 in both sales and operating costs; however, the percentage growth in expenses was greater than the growth in revenue resulting in a higher ratio relative to 2004-05. Collective agreement costs and greater usage of debit/credit cards as a percentage of overall purchases contributed to this increase.

What are we measuring?

WCLC Costs as a per cent of VLT Revenue

Progress to date



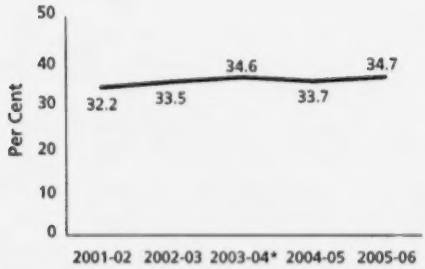
This measure depicts SLGA's efforts to maximize the return on investment from contracting with WCLC to administer the computer systems for the province's VLTs.

WCLC costs as a percentage of VLT revenue for the year ending March 31, 2006 is calculated at 3.7 per cent. The 2005-06 result is consistent with the 2004-05 result of 3.5 per cent of VLT revenue. While WCLC costs declined for the second year in a row, reduced VLT revenue resulting from the province-wide smoking ban caused an increase in this ratio.

What are we measuring?

SIGA Net Income as a per cent of SIGA Net Revenue

Progress to date



* *SLGA's 2005-06 Performance Plan, which was published with the Provincial Budget in March 2005, incorrectly stated the 2003-04 result for this measure as 39.6 per cent. This was a typographical error and the correct figure is presented in the historical table above.*

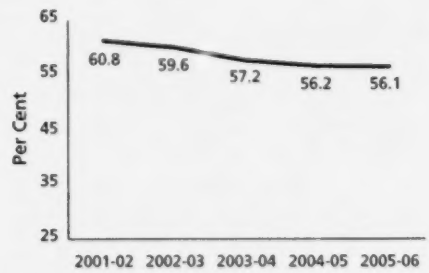
This measure shows the relationship between revenues and net income for SIGA. Ideally, this percentage should increase over time as revenue increases result in higher net income as opposed to reflecting higher operational expenditures.

SIGA net income as a per cent of revenue was 34.7 per cent for the year ending March 31, 2006. SIGA net income as a percentage of SIGA revenue rose slightly in 2005-06 as net income growth surpassed the growth in revenue indicating greater cost-efficiency.

What are we measuring?

SIGA Slot Cost as a per cent of SIGA Slot Revenue

Progress to date



This measure reflects how efficient SIGA is in its slot machine operations. Changes in the results over time can help to determine whether slot machine revenue increased at a faster rate than the costs required to operate the slot machines.

In 2005-06, SIGA slot machine costs were 56.1 per cent of SIGA's net slot revenues. The historical results for this measure demonstrate that SIGA is making good progress in optimizing slot machine revenue generation based on its use of resources. In 2005-06, both expenses and revenue increased proportionately in the slot segment resulting in a comparable ratio to 2004-05.

GOAL 5

Financial – Be fiscally responsible and accountable in support of provincial financial objectives

***OBJECTIVE 1** – Financial Management and Accountability: Manage our resources effectively to ensure fiscal responsibility and accountability*

This objective reflects SLGA's commitment to sound financial management and overall financial accountability. An important part of achieving this objective is aligning SLGA's Performance Plan with SLGA's financial planning and budgeting processes. SLGA has made steady progress in improving its overall accountability for results. SLGA continues to strengthen the alignment between its strategic plan and the annual budget development process. As well, SLGA has improved management accountability by implementing a formal process requiring Division Heads to reconcile their performance relative to the Division's annual plan.

Key Actions for 2007-08

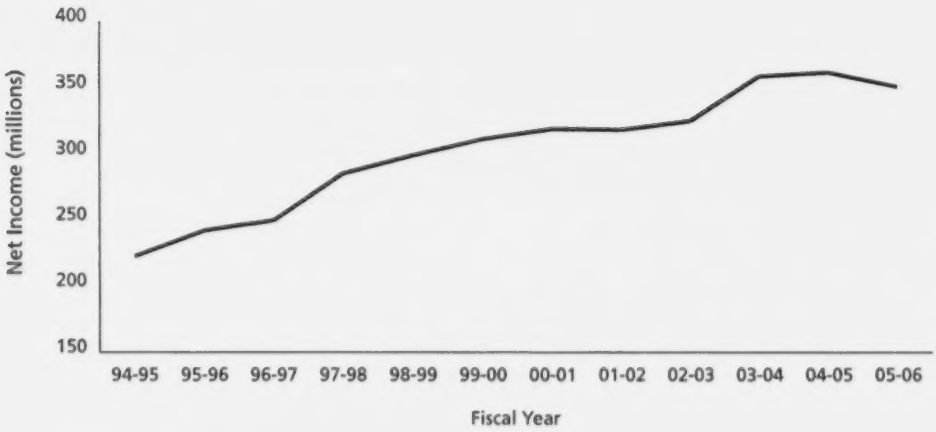
- SLGA's net income was $351.4 million in 2005-06 down from $362.1 million in 2004-05. SLGA will continue to explore and propose a variety of policy options designed to increase net income in a socially responsible manner. However, the maturity of the liquor and gaming markets limit the opportunity to realize significant revenue growth without implementing policy changes designed specifically for revenue generation.
- Continue to monitor monthly reporting and approve budgets for the Western Canada Lottery Corporation with respect to their contractual obligations to provide training, install and maintain VLTs and slot machines, maintain the central operating system, and provide a toll-free hotline to provide technical assistance to site contractors.
- Continue to monitor and approve budgets for SIGA. SLGA will review SIGA's 2008-09 budget in the last half of 2007-08. SLGA will also monitor monthly reporting from SIGA to help ensure effective delivery of casino operations.

What are we measuring?

SLGA Net Income

Progress to date

See the following graph



SLGA plays a very important role in funding provincial programs and services by transferring its net income annually to the provincial treasury. SLGA's net income reflects the total net revenue generated by the Province's liquor industry and the majority of the gaming industry after deducting operating expenses. This is a critical outcome for SLGA and it contributes significantly to meeting the government's revenue needs for the funding of other key programs.

In 2005-06, net income was $351.4 million, a decrease of $10.7 million from 2004-05. Net income from retail liquor operations increased along with SIGA net income. These increases were however offset by the decline in VLT sales relative to 2004-05.

Historically, SLGA has demonstrated a steady increase its net income over the last ten years. The exception to the trend of the last several years has been 2005-06. The projected rebound in VLT revenue should restore net income to previous levels within the next few years.

What are we measuring?

Net Income Percentage Variance from Previous Year

Progress to date

For 2005-06, SLGA's net income percentage variance from the previous year is -3.0%.

This measure depicts the percentage change in SLGA's net income from the previous year. Notwithstanding factors out of SLGA's control, SLGA is committed to meeting its approved budgets and is committed to ensuring there is a financial return for public funds expended.

What are we measuring?

Marginal Return on Expenses (MRE)

Progress to date

SLGA's MRE was -0.80 for 2005-06. Over the past few years, SLGA has had a positive Marginal Return on Expenses. The decline in 2005-06 relative to 2004-05 reflects the decline in SLGA's net income due to decreases in VLT revenues and the relatively fixed operating costs for VLT operations (site commissions are not included in operating costs and therefore are not factored into this measure).

The measure is intended to demonstrate SLGA's overall return on investment for the expenditures it makes. The measure expresses a ratio between the change in net income compared to the change in total operating expenses. Any outcome greater than zero is a positive outcome. This measure reflects the principle that while operating expenses can increase, this growth in expenditures often leads to an increase in net income.

For More Information

If you have any questions or comments about SLGA's 2007-08 Performance Plan, or if you have specific questions about the programs and services provided by SLGA, please visit our website at www.slga.gov.sk.ca or contact:

Saskatchewan Liquor and Gaming Authority
P.O. Box 5054
2500 Victoria Avenue
Regina, SK
S4P 3M3

(306) 787-4214
1-800-667-7565

Appendix A

Summary of SLGA's Partners and Stakeholders

Brewers of Canada. Represents the breweries as well as several microbreweries. www.brewers.ca

Canadian Restaurant and Foodservices Association (CRFA) (Saskatchewan Division). The CRFA has approximately 600 members in Saskatchewan including both licensed and non-licensed establishments. www.crfa.ca

Canadian Vintners Association. This is a national association dedicated to the promotion and well being of Canada's wine sector. www.canadianvintners.com

Charity Associations and Individual Charities. Charity associations and individual charities are the traditional beneficiaries of the gaming industry.

Canadian Centre on Substance Abuse (CCSA). The Canadian Centre on Substance Abuse is Canada's national addictions agency. Its mission is to provide objective, evidence-based information and advice that will help reduce the health, social and economic harm associated with substance abuse and addictions. www.ccsa.ca

Federation of Saskatchewan Indian Nations (FSIN). The FSIN represents Saskatchewan's 74 First Nations. SLGA works with the FSIN in implementing the terms of the Gaming Framework Agreement. www.fsin.com

Horse Racing Saskatchewan (HRS). This interest group is comprised of a number of racing associations and organizations that host horse racing events including Horse Racing Saskatchewan, the Saskatchewan First Nations Racing Association, Saskatchewan Speed Horse Association, Saskatchewan Standardbred Horsemen's Association, Horsemen's Benevolent and Protective Association of Saskatchewan and the Canadian Thoroughbred Horse Society.

Indigenous Gaming Regulators (IGR). IGR (formerly Saskatchewan Indian Gaming Licensing Inc.) is building capacity to perform regulatory and licensing functions for First Nations gaming. www.igr.ca

Non-Profit Clubs. Consists of ethnic associations, service clubs, veteran organizations and sporting clubs (including golf and curling) that have a permanent facility/clubhouse and a special use permit (as opposed to those groups who use special occasion permits and may or may not have a permanent location).

Pollard Banknote Limited. Pollard Banknote is Saskatchewan's sole source for breakopen gaming tickets. www.pollardbanknote.com

Responsible Gambling Council (RGC). The RGC is a non-profit organization that works with individuals and communities to address gambling in a healthy and responsible way. The Council undertakes research and public awareness programs designed to prevent gambling-related problems. www.responsiblegambling.org

Saskatchewan Government and General Employees Union (SGEU). Ninety per cent of SLGA employees are unionized. www.sgeu.org

Saskatchewan Hotel and Hospitality Association (SHHA). Established in 1932, approximately 475 hotels and motels belong to SHHA. They represent both hotel owners and operators in urban areas and rural communities. www.hotelsofsask.com

Saskatchewan Indian Gaming Authority (SIGA). SIGA operates the province's four First Nations casinos on behalf of the FSIN. SIGA has obtained approval to open two additional casinos in Swift Current and at the Whitecap Dakota First Nation. www.siga.sk.ca

Saskatchewan Responsible Gaming Association (SRGA). Founded in 2001, the SRGA is a non-profit, charitable organization whose purpose is to bring together gaming industry stakeholders to promote and advance responsible gaming initiatives. www.saskresponsiblegaming.com

Saskatchewan Liquor Vendors Association (SLVA). SLVA represents all of the rural franchises. Franchises are licensed by SLGA to sell beverage alcohol in rural and remote communities across the province.

Spirits Canada. Formerly the Association of Canadian Distillers, Spirits Canada is the national trade association of Canadian manufacturers and marketers of distilled spirit products including Canadian whisky, rum, vodka, gin, liqueurs and coolers. www.canadiandistillers.com

Saskatchewan Wine and Spirits Association (SWSA). SWSA is a provincial association dedicated to the promotion of wine and spirits within the provincial liquor industry.

Western Canada Lottery Corporation (WCLC). WCLC is a non-profit organization authorized to operate gaming-related activities as an agent for SLGA. www.wclc.com